



Senate Republican Office of Policy

## Briefing Report

### *Transportation Crisis: A 20/20 Vision Plan for the Future*

January 30, 2002

California's transportation infrastructure is the backbone of the state's economy and an important element in the quality of life of its citizens. In the 1960s, under the visionary leadership of Governors Ronald Reagan and Pat Brown, California built the finest freeway network in the world. During that period, California led the nation in construction of a state of the art infrastructure system and that investment has paid dividends for nearly thirty years. As a direct result of this investment, California has enjoyed the highest quality of life, record breaking population growth and an economy that has blossomed into the sixth largest in the world.

Since that initial commitment to the future, California's leaders have turned their attention to other issues and have neglected the state's infrastructure system. Despite the fact that the road system built in the 1960s had an expected life span of only 20-30 years, political leaders failed to maintain and expand this important asset to keep pace with population growth. The result is a transportation system in crisis.

## Transportation in Crisis

- In the past ten years, automobile travel in California has increased 10 times faster than new lane capacity has been added.
- Total highway capacity has increased only 8% in the past 20 years, while the state's population has increased by 50% and vehicle miles traveled have more than doubled.
- If nothing changes, Caltrans estimates that by 2020, over 6,000 miles of our 15,000 mile State Highway system will be gridlocked.
- Despite the fact that Californians pays the 3<sup>rd</sup> highest tax per vehicle tax in the nation, California ranks 50<sup>th</sup> in per capita spending on roads.

- \$1.5 billion per year in gasoline sales tax collected for the purpose of funding transportation projects has been siphoned to the general fund to pay for other government programs.
- California invests less per capita on its roads than any other state, spending just \$82 per person in 2000, a full 57% below the national average of \$147.
- Caltrans estimates that congestion on urban highways costs Californians \$7.8 million per day, or \$2.8 billion per year in wasted time and fuel.
- In the past decade, the time that California motorists waste in traffic congestion has more than doubled; the percentage of the road system that is congested rose from 17% to 40%.
- According to Transportation California, California's road quality ranks dead last among U.S. states.
- Poorly maintained roads cost California motorists over \$2 billion in car repairs, annually.
- According to the California Transportation Commission, California needs to spend \$118 billion over the next decade for the maintenance and construction of transportation infrastructure.

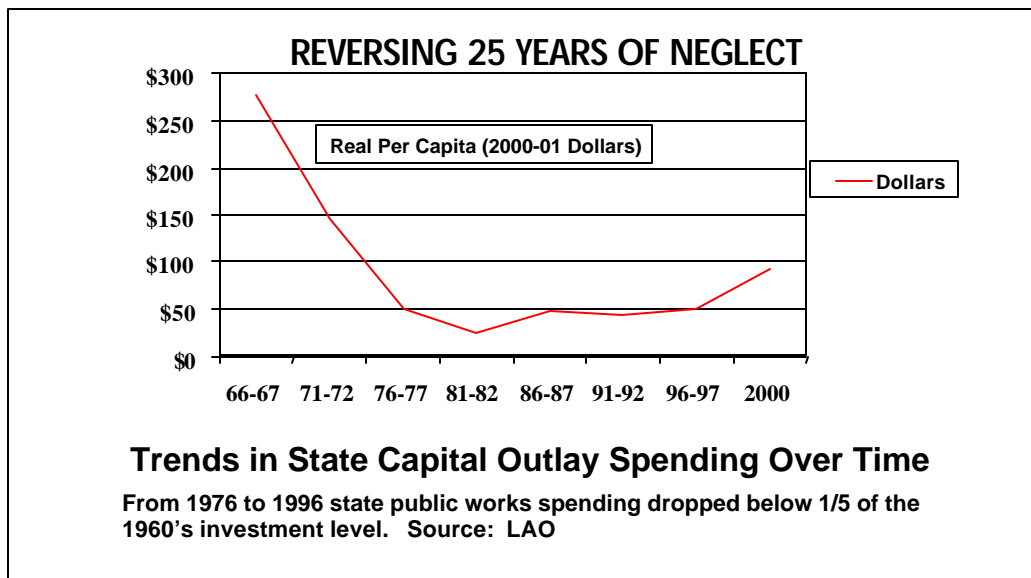
## **The Root of the Crisis: *Two Decades of Neglect***

California's transportation crisis is the result of two decades of placing a higher priority on funding unrelated social programs at the expense of the state highway system. Over the years, an increasing percentage of the gasoline taxes intended to maintain and expand the system, have been transferred to the General Fund for use on other programs. This philosophical shift is reflected in the spending patterns for all infrastructure programs. From 1976 – 1996, state public works spending dropped below 1/5 of 1960s levels.

In the 1960s, over 20% of the state budget was dedicated to the development of infrastructure for the future needs of the citizens and the economy of the state. Today, that figure has dropped to just 3%. Less than one-half of one percent of the State's general fund is spent on capital outlays.

When constructed, California's highway system had a life expectancy of thirty years, which has already been exceeded. As a result, an increasing portion of the revenues spent on transportation are being dedicated to maintaining and rehabilitating aging facilities, rather than in capacity expanding capital outlay programs. Given the diminishing return from the gas tax and the increasing maintenance and rehabilitation

budget, it becomes increasingly important that all transportation revenue streams be dedicated to roads.



California motorists pay over \$15 billion in sales taxes on gasoline every year. A portion of these revenues, which should be earmarked to build and maintain the state highway system, is being diverted to other priorities. Almost 40% are spent to subsidize rail and mass transit projects. If all that money were spent on roads, our highways would have kept pace with growth and California would not be in the midst of a transportation crisis. Instead, California ranks dead last in per capita spending on roads.

As an increasing portion of transportation revenues has been transferred away from infrastructure investments to fund other government programs, local governments have been forced to rely heavily on “temporary” sales tax increases to provide revenues to pay for infrastructure that should rightly have been developed using revenues already collected by the state. The transfer of tax revenues collected from the sale of gasoline away from transportation projects represents a hidden tax increase on Californians. Worse, the tax increases have failed to buy a viable transportation system. Today, California’s state of the art infrastructure is a joke, and our road quality ranks dead last among the 50 States.

The combination of a rapidly expanding population, increasing fuel efficiency, the aging transportation infrastructure and massive diversions of revenues to subsidize transit and for other general government programs, have made it impossible to keep pace with the growing demands on the system and have led to our current transportation crisis.

## **The Republican Solution: A “20/20 Vision” for the Future**

The Republican solution to California’s transportation crisis is to invest in a transportation system, as we did in the 50s and 60s, that propelled California’s economy to the forefront.

In recent years, Governor Davis and Legislative Democrats have championed unprecedented government growth during a period of huge budget surpluses. Throughout that period, Democrats have not had the vision to invest in our aging infrastructure. Instead, Democratic leaders have argued for increased local authority to pass local tax increases and bonds to help cover the costs of infrastructure investment. This is the “same vision” that has led to the current crisis; destroying California’s infrastructure in the process.

The time has come for bold vision and leadership. The Republican transportation plan invests in the future without mortgaging it, and builds the infrastructure we need using the money we already collect.

### **◆ Transportation Revenues for Transportation Projects**

Every single year, \$1.5 billion of sales tax revenues collected from the sale of gasoline have been diverted to the general fund, essentially turning California’s transportation financing system into a cash cow for those bent on increasing the size of government.

In response to pressure from Republicans, the Legislature passed ACA 4, placing Proposition 42 on the March 2002 ballot. Prop. 42 amends the Constitution to ensure that revenues raised through the sale of gasoline will be used for their intended purpose: the maintenance and expansion of California’s transportation infrastructure.

An additional \$1.5 billion per year to be used on transportation infrastructure is the first step toward rebuilding, a step that California Republicans are prepared to take.

### **◆ Pay as You Go Financing for the Future**

The Republican proposal for infrastructure investment, “the 20/20 Vision Plan,” would commit to a massive long-term investment through the year 2020 to rebuild California’s aging infrastructure. Based on actual budget growth over the past 20 years, the “20/20 Vision Plan” would fund \$120 billion in high-priority infrastructure investments without raising taxes or mortgaging the future.

The plan would create a separate Infrastructure Fund in the State Budget. Starting next year, 1% of the State general fund would be shifted to the Infrastructure Fund. Each year that the general fund is not in deficit, that amount would be increased by ½ of 1% until the commitment reaches 5% -- or one-twentieth -- of the general fund.

The plan would provide local government with 75% of the revenues produced, on a per capita basis, putting the money in the hands of the people that need it to build new

freeways, streets and roads, school and water and sewer systems. The “20/20 Vision Plan” would give city and county governments the flexibility to fund these infrastructure improvements without the need for increasing sales taxes or increasing their bonded indebtedness.

The Republican plan for transportation represents a return to the vision and investment that made California’s transportation system the state of the art and that propelled California’s economy to the forefront of the global economy.